

February 15, 2011

The Health Benefits Committee met on Tuesday, February 15, 2011, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:30 a.m. with the following members present:

Priya Mathur, Chair
Tony Oliveira, Vice Chair
John Chiang
George Diehr
Rob Feckner
JJ Jelincic
Henry Jones
Tricia Wynne representing Bill Lockyer
Howard Schwartz representing Ronald Yank

AGENDA ITEM 2 – APPROVAL OF THE DECEMBER 14, 2010, HEALTH BENEFITS COMMITTEE MEETING MINUTES

The December 14, 2010, Health Benefits Committee meeting minutes were approved as presented.

AGENDA ITEM 3a – HEALTH CARE REFORM UPDATE

As an information item, Doug McKeever, Chief, Office of Health Policy and Program Support, provided a quarterly update on Health Care Reform. Mr. McKeever highlighted four areas: Early Retiree Reinsurance Program; extension of dependent coverage; preventive services; and, essential health benefits.

AGENDA ITEM 3b - PROPOSED REGULATIONS: PROHIBITION ON RESCISSIONS

Doug McKeever, Chief, Office of Health Policy and Program Support, provided information on the proposed regulations on rescissions. Staff prepared a regulations package amending PEMHCA to conform to the federal interim final rules on health care rescissions. The proposed regulations state that retroactive terminations of coverage

cannot be made for employees based on a reduction in hours or time base. A termination or cancellation of enrollment may be effective retroactively if coverage was based on fraud or intentional misrepresentation of material facts, at which point the employee must receive a 30-day notice prior to termination.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed regulations to conform State Regulations to federal health care reform provisions that prohibit rescissions of coverage in specific circumstances, as shown in Attachment 1.

AGENDA ITEM 3c - HEALTH OPEN ENROLLMENT PERIOD RESULTS

As an information item, Doug McKeever, Chief, Office of Health Policy and Program Support, provided an overview of the health plan changes CalPERS members made, during the 2010 Open Enrollment Period. During this time, a total of 47,733 total covered lives changed plans, which represented 3.7 percent of the total membership.

AGENDA ITEM 4a – BLUE SHIELD OF CALIFORNIA – KNEE AND HIP REPLACEMENT PROPOSAL

As an information item, Tom McCaffrey, Blue Shield of California, presented Blue Shield's proposal for use of preferred knee and hip replacement centers to provide CalPERS Blue Shield members with high quality, cost-effective providers beginning in the 2012 benefit year.

Steve Kawai, Retiree, spoke on this item.

At this time Ruth Holton-Hodson represented John Chiang.

AGENDA ITEM 5 – ASSISTANT EXECUTIVE OFFICER REPORT

Kathleen Billingsley, Assistant Executive Officer, Health Benefits Branch, discussed the plans for development and execution of a three to five year Health Benefits Work Plan; and the Premium Normalization Study presented to the Committee in November 2010.

In addition, Ann Boynton, Deputy Executive Officer, Benefits Administration provided information on a trailer bill in the Legislature regarding a core health plan.

AGENDA ITEM 6 – PROPOSED AGENDA FOR MARCH 15, 2011, HEALTH BENEFITS COMMITTEE MEETING

The proposed agenda for the March 15, 2011, HBC Meeting, was accepted with the following changes:

- Partnership for Change Agenda Item was added.
- Health Benefits Branch Pilot Initiative Update was moved to April 2011.

AGENDA ITEM 7 – PUBLIC COMMENT

Steve Kawai, Retiree, spoke regarding the CalPERS Long-Term Care Program.

The meeting was adjourned at 11:06 a.m.

The next meeting of the Committee is scheduled for March 15, 2011, in Sacramento, California.

Attachment

ANN BOYNTON
Deputy Executive Officer
Benefits Administration